



J. TYLER McCAULEY
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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May 17, 2004

TO: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Yvonne Brathwaite Burke
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley 
Auditor-Controller

SUBJECT: **ARMENIAN EVANGELICAL SOCIAL SERVICES CENTER CONTRACT
REVIEW**

We have completed a contract compliance review of the Armenian Evangelical Social Services Center (AESSC), a Refugee Immigrant Training and Employment Program (RITE) service provider. The review was conducted as part of the Auditor-Controller's Centralized Contract Monitoring Pilot Project.

Background

The Department of Community and Senior Services (DCSS) contracts with AESSC, a private, non-profit, community-based organization, to provide job training services to Russian, Armenian, and Farsi speaking CalWORKS recipients who have resided in the United States over five years. The types of services provided by AESSC include job readiness training, career planning services and job placement. AESSC's offices are located in the Third and Fifth Districts.

DCSS pays AESSC a fixed fee for each type of service based on budgeted program costs and anticipated service levels. For Fiscal Year 2002-03, DCSS paid AESSC approximately \$650,000.

Purpose/Methodology

The purpose of the review was to determine whether AESSC was providing the services outlined in their County contract and maintaining proposed staffing levels. Our monitoring visit included a review of AESSC's billing statements, participant case files,

personnel and payroll records, and interviews with AESSC staff, program participants and participant employers.

Results of Review

AESSC was significantly out of compliance with its contractual requirements. AESSC overstated 6 (24%) of the 25 employment outcomes and 4 (100%) of the 4 job training outcomes sampled, which resulted in AESSC over billing DCSS \$2,750 out of the total \$6,900 sampled. Examples of over billings include the following:

- Billing for placing participants in employment, where they are paid a commission, without obtaining a copy of the commission contract to ensure that the participants are properly compensated, as required by the contract.
- Billing for a part-time employment placement when the participant was employed and compensated through a federal work-study program, which is not a billable placement per the contract.
- Billing for placing participants in jobs in which they are paid based on piecework (each piece they complete) rather than an hourly wage, which does not qualify as a billable condition.
- Billing for a part-time employment placement when the participant was employed at less than part-time status.
- Billing for placements in which the program participants did not receive paychecks from employers that are in accordance with the California State Labor Code, as required by the contract.

AESSC also billed for services provided to one individual that the GAIN Employment Activity and Reporting System (GEARS) reported as ineligible to receive program services. The services provided to this individual amounted to approximately \$460. In addition, AESSC overpaid one program participant a total of approximately \$377 for transportation expense reimbursement.

AESSC's eight Case Managers currently possess the work experience required by DCSS' contract. However, five of the eight Case Managers did not possess the required work experience and/or educational requirements at the time they were hired by AESSC three to five years ago. As a result, during their first two years of employment, DCSS paid AESSC for services provided by staff that did not have sufficient GAIN work experience.

In several instances, AESSC subsequently produced documentation that contradicts information we were provided during our review. AESSC did not possess it at the time of our review and it was created after we informed them of our findings, the documentation is less creditable. In addition, it purports to document conditions that existed only after the dates the County was billed and does not validate the original billing.

Review of Report

In their attached response, AESSC disagreed with our findings and claimed that because the findings were vague, AESSC staff had difficulty responding to them. Prior to our exit conference on March 18, 2004, we provided AESSC with a listing of all our findings and the associated case numbers. On March 18, 2004, we met with the Agency's Director and staff to discuss our monitoring review draft report and to review additional documentation presented by AESSC to support its billings to DCSS. Since the March 18, 2004 meeting, we have had approximately 20 telephone contacts and five separate facsimile transmissions with the Agency's Director and staff to address their concerns regarding our findings. In each instance, the Agency's Director and staff appeared to understand the details of our findings and recommendations.

Due to the number of pages contained in their response, we did not attach AESSC's 22 Exhibits to our report. However, copies of the Exhibits are available upon request.

We notified DCSS of the results of our review. DCSS will work with AESSC and monitor them to ensure that areas of non-compliance disclosed in this report are resolved and will report to your Board within 60 days of this report.

Please call me if you have any questions, or your staff may contact Don Chadwick at (626) 293-1122.

JTM:DR:DC
Attachment

- c: David E. Janssen, Chief Administrative Officer
Department of Community and Senior Services
Cynthia Banks, Chief Deputy Director
Josie Marquez, Program Director
Bryce Yokomizo, Director, Department of Public Social Services
Jack Loussararian, Director, Armenian Evangelical Social Services Center
Violet Varona-Lukens, Executive Officer
Public Information Office
Audit Committee

**CENTRALIZED CONTRACT MONITORING PILOT PROJECT
REFUGEE IMMIGRANT TRAINING AND EMPLOYMENT PROGRAM
FISCAL YEAR 2003-2004
ARMENIAN EVANGELICAL SOCIAL SERVICES CENTER**

BILLED SERVICES

Objective

Determine whether the Armenian Evangelical Social Services Center (AESSC) accurately reported the outcomes of the program participants and that the program participants were eligible to receive services. AESSC is paid a fee for each specific outcome (gaining full-time and part-time employment, upgrading from part-time to full-time employment, earning an hourly wage to be self-sufficient, participating in job training instruction, etc.) that the program participants achieve during the billing period.

Verification

We selected a sample of 29 program participants and reviewed their case files for documentation to support the employment and job training outcomes that AESSC reported in October and November 2003. The outcomes represent \$6,900 (9.5%) of the \$72,224 that AESSC billed the County for October and November 2003.

In addition, we interviewed 23 of the 29 program participants and 20 employers to confirm the outcomes that AESSC reported were actually achieved. We also reviewed the eligibility status of the 29 program participants on the GAIN Employment Activity and Reporting System (GEARS).

Results

Employment Outcomes

AESSC overstated 6 (24%) of the 25 employment outcomes (part-time employment, full-time employment, and upgrade from part-time to full-time) which resulted in AESSC over billing DCSS \$1,550 out of the total \$6,900 sampled. Specifically, we noted the following:

- One program participant that AESSC reported receiving part-time employment was participating in a work-study program. However, the contract does not allow AESSC to bill DCSS a placement fee for participants that obtain employment as part of a work-study program.
- One program participant that AESSC reported receiving part-time employment is paid based on piecework (each piece they complete), rather than an hourly wage, which does not qualify as a billable condition.

We informed AESSC of this issue in March 2004. Subsequently, AESSC management provided us a copy of a new employment verification form from the employer. The new employment verification form reports that the employer compensates the participant on a piecework basis, but that the participant is guaranteed to earn a minimum wage. However, from October 27, 2003 to November 9, 2003, the participant was paid less than minimum wage by the employer. According to the paycheck stub, the participant worked 21.5 hours and earned a total of \$128.82 which equates to \$5.99 per hour for all hours worked. AESSC staff did not detect this condition.

- One program participant that AESSC reported receiving part-time employment in October 2003 was employed less than 20 hours per week. To qualify for part-time employment, the participant needs to work a minimum of 20 hours per week.
- One program participant that AESSC reported receiving full-time employment actually works part-time. The employment verification form contained in the participant file reported that the participant is employed 30-35 hours or less per week and that employment is not guaranteed. We were unable to interview the participant to confirm the hours worked per week. In addition, the participant's paycheck stubs did not report the number of hours worked. However, the employer stated that the participant is employed on an as needed basis and averages 29.5 hours per week. After informing them of this issue, AESSC provided us with a copy of a new employment verification form dated March 16, 2004 reporting that the participant was employed between 35-40 hours per week. This new form directly contradicts the prior form and the statements of the employer regarding the employment status at the time of the billing period.
- One program participant that AESSC reported receiving part-time employment and one program participant that AESSC reported was upgraded from part-time to full-time employment are paid on a commission basis. The County contract requires that AESSC submit a copy of the signed commission contract which outlines the terms of the participants' employment and rate of compensation with their monthly invoice. However, AESSC never obtained copies of the participants' commission contracts to confirm that the participants are being adequately compensated. After informing AESSC of these reportable conditions, AESSC acknowledged that the part-time employment should not have been reported.

For the program participant reportedly upgraded to full-time employment, AESSC claimed that the participant was actually paid an hourly rate for performing secretarial duties and not earning a commission. AESSC also provided a letter from the employer stating that beginning September 2003, the participant was reclassified from employee to independent contractor with the employer discontinuing payroll tax deductions. AESSC billed DCSS for this change. However, it appears that the employer incorrectly reclassified the participant as

an independent contractor rather than an employee in violation of federal tax laws. AESSC staff did not detect this and take appropriate action.

Job Training Outcomes

AESSC overstated 4 (100%) of the 4 job training outcomes sampled (Job Club, Case Management, Assessment, etc.) which resulted in AESSC over-billing DCSS \$1,200 out of \$6,900 sampled.

AESSC billed DCSS for providing the Job Club training program to four program participants. Job Club is a four week, 128 hour training program designed to increase the participant's marketability, job skills, and exposure to the job market with the purpose of placing into full-time or part-time employment. The contract requires the contractor to provide the participant with supervised job search activities that includes daily contact and supervision, one-on-one job search training, and the development of job leads. The case file for these participants did not contain documentation indicating that AESSC provided job search as part of the Job Club curriculum. In addition, three of the four participants stated that job search activities were not part of their Job Club training. We were unable to contact the fourth participant.

Participant Pay

California State Labor Code Section 226(a) requires that employers furnish each employee at the time of each payment an itemized statement in writing showing: (1) gross wages earned; (2) total hours worked for hourly wage earners; (3) all deductions; (4) net wages earned; (5) pay period; (6) the name of the employee and their social security number. In addition, the County contract requires AESSC to review participants' paycheck stubs to confirm the hours worked prior to billing DCSS for job placements.

Ten (40%) of the 25 program participants with reported employment outcomes did not receive an itemized listing with their paychecks that reported the number of hours worked and/or any deductions for payroll taxes. AESSC billed DCSS for the placements without reviewing a valid payroll check stub to confirm the participants' employment and hours worked. In addition, AESSC staff did not inform the participants that they are required to receive from their employers a statement with each paycheck that lists the hours worked and payroll deductions.

GEARS Activity

According to GEARS, 1 (3%) of the 29 participants sampled was not eligible to receive RITE program services. The participant's case was terminated on May 31, 2003 by the Department of Public Social Services (DPSS) staff because the participant failed to report his monthly income, as required in order to receive program services. The participant became ineligible to receive program services effective July 1, 2003.

However, AESSC continued to reimburse the participant a total of \$460 for transportation expenses.

AESSC indicated that they were not aware that the participant became ineligible for program services. However, AESSC's staff, during their required monthly contact with the participant, should have ensured that the participant was meeting the program requirements and informed the participant of the consequences if the program requirements are not followed. In addition, GEARS generates a daily alert report that lists participants with changes in their eligibility status. AESSC case managers are required to review these reports on a daily basis. The daily alert should have notified AESSC staff of this participant's ineligibility for program services.

AESSC also overpaid one other program participant approximately \$377 and did not initiate compliance procedures for one participant who was not complying with program requirements. Specifically, we noted the following:

- One program participant received eight payments from AESSC totaling \$377 for transportation expense reimbursement that the participant did not qualify to receive. Four payments totaling \$188 related to her employment as a caretaker for an ill family member residing in her home, which did not qualify as a reimbursable event. After informing AESSC of this issue, AESSC processed an overpayment notice and the participant refunded the payments.

The remaining four payments totaling \$189 were paid to the participant during a period of time when the participant was not complying with their required hours of weekly program participation.

- One program participant was not complying with their required hours of weekly program participation but was not referred to DPSS for compliance procedures as the contract requires.

AESSC management should ensure that DCSS is only charged for eligible services provided to individuals that qualify for program services. AESSC management should also ensure that the program participants receive from their employers an itemized statement with each paycheck listing their hours worked and payroll deductions. Also, AESSC management should ensure that program participants that are not complying with program requirements are referred to DPSS for compliance procedures on the date that the non-compliance is discovered.

Recommendations

AESSC management:

- 1. Only charge DCSS for eligible services.**

2. Only charge DCSS for services provided to individuals that qualify for program services.
3. Ensure that the program participants receive from their employers an itemized statement with each paycheck listing their hours worked and payroll deductions.
4. Ensure that program participants that are not complying with program requirements are referred to DPSS for compliance procedures on the date that the non-compliance is discovered.

STAFFING/CASELOAD LEVELS

Objective

Determine whether AESSC's staffing levels are sufficient and that Case Manager caseloads do not exceed 115 program participants as required by the County contract.

Verification

We interviewed AESSC's staff and reviewed AESSC's timekeeping records to determine actual staffing levels, and computed the minimum staffing levels required based on the Contactor's caseload.

Results

We determined that the Contractor's number of Case Managers is sufficient and that their average caseload of 95 participants does not exceed the contract limit.

Recommendations

There are no recommendations for this section.

STAFFING QUALIFICATIONS

Objective

Determine whether AESSC's staff meets the qualifications required by the County contract.

Verification

We interviewed AESSC's staff and reviewed their personnel files for documentation to confirm their qualifications. The contract requires that Case Managers either possess a four-year college degree, an AA degree and two years of caseload experience, an AA degree and two years of employment counseling experience, or two years of

employment counseling experience in a GAIN environment. Achievement of Junior class standing in an accredited college may be substituted for an AA degree provided other training or experience requirements are met.

Results

AESSC's eight Case Managers currently possess the work experience required by DCSS' contract. The Case Managers average between three to five years experience providing services in a GAIN environment and one case manager had 13 years experience in Refugee program services. However, five of the eight Case Managers did not possess the required work experience and/or education at the time they were hired by AESSC three to five years ago. As a result, during their first two years of employment, the County paid AESSC for services provided by individuals that did not meet the contract requirements. AESSC management needs to ensure that staff possess the required work experience prior to being hired to perform case management in a GAIN environment.

Recommendation

- 5. AESSC management ensure that the staff possess the required work experience prior to being hired to perform case management in a GAIN environment.**

SERVICE LEVELS

Objectives

Determine whether AESSC's reported services for Fiscal Year (FY) 2003-04 significantly varied from planned services levels.

Verification

Review DCSS' Annual Service Level Assessment report for FY 2003-04 and AESSC's proposed services levels for the same period.

Results

We attempted to review AESSC's ability to achieve planned service levels. However, DCSS could not provide us with the projected service levels used to allocate funding to AESSC. In the future, DCSS needs to maintain the documentation used to establish the planned service levels of their program contractors.

Recommendations

There are no recommendations for this section.



ARMENIAN EVANGELICAL SOCIAL SERVICE CENTER
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Jack H. Loussararian
Executive Director

Nora Ashjian
Program Director

May 6, 2004

J. Tyler McCauley
Auditor-Controller
County of Los Angeles
500 W. Temple St., Room 525
Los Angeles, CA 90012

Dear Mr. McCauley,

This correspondence is in response to your draft letter to the Board of Supervisors regarding the contract compliance review of the Armenian Evangelical Social Service Center (AESSC), a Refugee Immigrant Training and Employment (RITE) Program and a Refugee Employment Program (REP) service provider.

For more than a quarter of a century, Los Angeles County immigrants have come to recognize AESSC as the cornerstone organization to which they turn to in times of need. We are committed to perform the best we can to reach out and help the greater Los Angeles community, especially refugees, immigrants, parolees, asylees, the elderly, and anyone else who has a dire need for assistance, with it's culturally and linguistically qualified staff. The agency has extended working hours to better serve those who work and are still in need of services.

AESSC categorically denies the Auditor-Controller's assumption that certain documents were created after the date of their review. The participants' employer solely completed all documents in question that were submitted at the Exit Conference. The AESSC staff could not have created them.

AESSC firmly disagrees with the outcomes that the Auditor-Controllers concluded in reference to their findings.

We would like to thank you for your time in considering our responses to the Auditor-Controller's Review. Please feel free to call me at (818) 240-8771 if you have any further questions.

Sincerely,

Jack H. Loussararian
Executive Director

Cc: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Yvonne Brathwaite Burke
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich
David E. Janssen, Chief Administrative Officer

Department of Community and Senior Services
Cynthia Banks, Chief Deputy Director
Josie Marquez, Program Director
Violet Varona-Lukens, Executive Director
Public Information Office
Audit Committee

Responses to Billed Services

Employment Outcomes

-One program participant that AESSC reported receiving part-time employment was participating in a work-study program. However, the contract does not allow AESSC to bill DCSS a placement fee for participants that obtain employment as part of a work-study program.

- The billing for this work-study was a management oversight. AESSC agrees with the auditor-controller. AESSC is willing to refund the part-time employment placement to DCSS.

-One program participant that AESSC reported receiving part-time employment is paid based on piecework (each piece they complete), rather than an hourly wage, which does not qualify as a billable condition. We informed AESSC of this issue in March 2004. Subsequently, AESSC management provided us a copy of a new employment verification form from the employer. The new employment verification form reports that the employer compensates the participant on a piecework basis, but that the participant is guaranteed to earn a minimum wage. However, from October 27, 2003 to November 9, 2003, the participant was paid less than minimum wage by the employer. According to the paycheck stub, the participant worked 21.5 hours and earned a total of \$128.82 which equates to \$5.99 per hour for all hours worked AESSC did not detect this condition.

- It is true that the participant had one check from October 27, 2003 to November 9, 2003. This participant came to AESSC as an under-employed participant. The AESSC case manager persistently motivated and encouraged her to increase her work hours. The participant gradually did so by September 2003. Based on the participant's participation, AESSC had sufficient documentation such as the Verification of Employment (V.O.E.) (completed by the employer) and pay stub copies with tax deductions, to bill DCSS for the pre-orientation part-time employment placement. See Exhibit 1 (15 pages).

-One program participant that AESSC reported receiving part-time employment in October 2003 was employed less than 20 hours per week. To qualify for a part-time employment, the participant needs to work a minimum of 20 hours per week.

- AESSC inadvertently billed DCSS based on the Verification of Employment provided by the employer. Although the Verification of Employment form indicates that the participant is employed 20 hours per week, the hours on the paycheck stub copies did not match the hours on the Verification of Employment form. AESSC agrees with the auditor-controller this billing was a clerical oversight by the case manager and is willing to refund the part-time employment to DCSS.

-One program participant that AESSC reported receiving full-time employment actually works part-time. The employment verification form contained in the participant file reported that the participant is employed 30-35 hours or less per week and that the employment is not guaranteed. We were unable to interview the participant to confirm the hours worked per week. In addition, the participant's paycheck stubs did not report the number of hours worked. However, the employer stated that the participant is employed on an as needed basis and averages 29.5 hours per week. After informing them of this issue, AESSC provided us with a copy of a new employment verification form dated March 16, 2004 reporting that the participant was employed between 35-40 hours per week. This new form directly contradicts the prior form and the statements of the employer regarding the employment status at the time of the billing period.

- (Salaried employee) AESSC had sufficient basis for billing DCSS for this employment placement. The participant's file contains a Verification of Employment form, which was **completed by the employer**. The Verification of Employment form does not provide a section where the employer can state a salary rate for his employee (the participant). The computer system, called GEARS, where the case manager enters the participant's hours of participation, he/she has only the option to enter an hourly wage, rather than a salary. This particular participant has pay stub copies that state he is a salaried employee. Therefore, the case manager has to calculate the hours of participation by looking at the salary on the pay stub and dividing that by the hourly

wage stated on the Verification of Employment. By doing so, the case manager will know the hours of participation in order to update GEARS and prove the participant's full-time employment. See Exhibit 2 (3 pages).

-One program participant that AESSC reported receiving part-time employment and one program participant that AESSC reported was upgraded from part-time to full-time employment are paid on commission basis. The County contract requires that AESSC submit a copy of the signed commission contract, which outlines the terms of the participant's employment and rate of compensation with their monthly invoice. However, AESSC never obtained copies of the participant's commission contract to confirm that the participants are being adequately compensated. After informing AESSC of these reportable conditions, AESSC acknowledged that the part-time employment should not have been reported.

- The County contract requires AESSC to have a signed commission contract in the participant's file, which states the terms of his/her employment, however there can also be exceptions that apply. When the participant was asked to provide a signed contract, he had a fear of jeopardizing his employment status were he to ask for a signed contract from his employer, since he would have to disclose his participation of his welfare-to-work activities. See Exhibit 3 (1 page).

-For the program participant, reportedly upgraded to full-time employment, AESSC claimed that the participant was actually paid an hourly rate for performing secretarial duties and not earning a commission. AESSC also provided a letter from the employer stating that beginning September 2003, the participant was reclassified from employee to independent contractor with the employer discontinuing payroll tax deductions. AESSC billed DCSS for this change. However, it appears that the employer incorrectly reclassified the participant as an independent contractor rather than an employee in violation of federal tax laws. AESSC staff did not detect this and take appropriate action.

- AESSC did detect the re-classification in the month of September 2003 when the participant submitted pay stub copies for the month of September 2003, since previous pay stub copies indicate that the participant was a "regular" paid employee. As September 2003, the participant was salaried, and the employer was not deducting taxes, therefore, AESSC asked the participant to sign Supplemental Information for Employment Verification disclaimer as instructed by DCSS at the Monthly RITE Training on April 29, 2002. The disclaimer was in the file during the Auditor-Controller's review. The auditor-controller made copies of the file. See Exhibit 4 (6 pages).

Job Training Outcomes

-AESSC overstated 4 (100%) of the 4 job training outcomes sampled (Job Club, Case Management, Assessment, etc.) which resulted in AESSC over-billing DCSS \$1,200 out of \$6,900 sampled.

AESSC billed DCSS for providing the Job Club training program to four program participants. Job Club is a four week, 128 hour training program designed to increase the participant's marketability, job skills, and exposure to the job market with the purpose of placing into full-time or part-time employment. The contract requires the contractor to provide the participant with supervised job search activities that includes daily contact and supervision, one-on-one job search training and the development of job leads. The case file for these participants did not contain documentation indicating that AESSC provided job search as part of the Job Club curriculum. In addition, three of the four participants stated that the job search activities were not part of their Job Club training. We were unable to contact the fourth participant.

At all the GAIN Induction Trainings, it was stated time and again that reasonable action taken by the case manager should be exercised as to what best benefits the participants.

- a. AESSC billed DCSS for the participant's Job Club attendance. She did not have an off-site Job Search. RITE and GAIN regulations indicate that a Case Manager may make a determination for the

appropriateness of Job Club activities for each participant, and may decide if the participant could or could not benefit from that activity. This was the case with regard to this participant. A complete review of the file would have indicated to the auditors that the Vocational Assessment provides an English proficiency level of "0". The participant would not be able to benefit from a Job Search without a sufficient English proficiency level. See Exhibit 21 (4 pages).

The case managers and the job developer concluded that the following three participants mentioned below would benefit more from working with the job developer on a one-to-one basis, than an individual off-site job search:

- This participant attended Job Club and conducted the related job search activities. As required by DCSS, the job search activities are verified in the Job Developer's case notes. See Exhibit 5 (1 page).
- This participant attended Job Club and worked on job search activities with the Job Developer. See Exhibit 6 (1 page).
- This participant attended Job Club and worked on job search activities with the Job Developer. See Exhibit 7 (1 page).

Participant Pay

-Ten (40%) of the 25 program participants with reported employment outcomes did not receive an itemized listing with their paychecks that reported the number of hours worked and/or any deductions for payroll taxes. AESSC billed DCSS for the placements without reviewing a valid payroll check stub to confirm the participants' employment and hours worked. In addition, AESSC staff did not inform the participants that they are required to receive from their employers a statement with each paycheck that lists the hours worked and payroll deductions.

AESSC agrees with the auditor-controller that reported employments must have an itemized list of hours worked and any deductions for payroll for the participants listed below. AESSC has been working with such cases according to the training provided by DCSS. The attached exhibit (The Supplemental Information for Employment Verification form) provided at the DCSS training must be used for back-up purposes to bill employment when pay stubs are not available. At the DCSS Contractor's Meeting on 04-26-04, we received a Bulletin Number: REF-B-04-01 (Subject: Employment Verification Documentation) dated 04-22-04. Between the training and the day we received the Bulletin, there were no other instructions given by DCSS. Billed services were submitted with back-up documentation to DCSS, which was approved and processed. See Exhibit 8 (2 pages).

- One Program Participant - See Exhibit 9 (4 pages)
- One Program Participant - See Exhibit 10 (4 pages)
- One Program Participant - See Exhibit 11 (3 pages)
- One Program Participant - See Exhibit 12 (6 pages)
- One Program Participant - See Exhibit 13 (4 pages)
- One Program Participant - Self-employment not claimed: no exhibit for this participant
- One Program Participant - See Exhibit 14 (4 pages)
- One Program Participant - See Exhibit 15 (6 pages)
- One Program Participant - See Exhibit 16 (5 pages)
- One Program Participant - See Exhibit 17 (5 pages)

GEARS Activity

-According to GEARS, 1 (3%) of the 29 participants sampled was not eligible to receive RITE program services. The participant's case was terminated on May 31, 2003 by the Department of Public Social Services (DPSS) staff because the participant failed to report his monthly income, as required in order to receive program services. The participant became ineligible to receive program services effective July 1, 2003. However, AESSC continued to reimburse the participant a total of \$460 for transportation expenses.

AESSC indicated that they were not aware that the participant became ineligible for program services. However, AESSC's staff, during their required monthly contact with the participant should have ensured that the participant was meeting the program requirements and informed the participant of the consequences if the program requirements are not followed. In addition, GEARS generates a daily alert report that lists participants with changes in their eligibility status. AESSC case managers are required to review these reports on a daily basis. The daily alert should have notified AESSC staff of this participant's ineligibility for program services.

- Although the alert was read on GEARS, According to the IPRC screen on GEARS, the participant had an ineligible code of A601 indicating the 60-month Time Limit. AESSC provided this participant with transportation money based on the IPRC screen indicating the participant's eligibility for Post Time Limited (PTL) services.

AESSC would like to know which DPSS Directive was issued to instruct RITE Service Providers how to process leader codes on GEARS. The agency was given a "Leader Codes List" at the DCSS Contractor's Meeting on 04-26-04. The list indicates the leader codes and their meaning; unfortunately it does not clarify which code determines the participant's ineligibility for GAIN/RITE Services. RITE Service Providers have not been specifically trained on how to interpret various alerts on the MALE screen. New types of alerts are created on a daily basis without any proper notice or instruction to follow in order to work on specific cases.

There are many Leader codes that appear on the IPRC and ICAS screens which are not listed on the "Leader Codes List" provided to the RITE Service Providers at the Contractor's Meeting on 04-26-04. See Exhibit 18 (1 page).

-AESSC also overpaid one other program participant approximately \$377 and did not initiate compliance procedures for one participant who was not complying with program requirements. Specifically, we noted the following:

One program participant received 8 payments from AESSC totaling \$377 for transportation expense reimbursement that the participant did not qualify to receive. Four payments totaling \$188 related to her employment as a caretaker for an ill family member residing in her home, which did not qualify as a reimbursable event. After informing AESSC of this issue, AESSC processed an overpayment notice and the participant refunded the payments.

The remaining four payments totaling \$189 were paid to the participant during a period of time when the participant was not complying with their required hours of weekly program participation.

- This participant did not get reimbursed for transportation for her In-Home Supportive Services (IHSS) employment. The auditor-controller's calculation of \$377 is vague and not clear. AESSC would like further clarification on how the \$377 amount was calculated in order to respond to this finding. AESSC processed an overpayment reimbursement for the amount of \$188 (2 months at \$42= \$84 and 2 months at \$52= \$104) since the participant was enrolled in a Community Service Component at the University of Southern California (U.S.C.), which is considered a private for-profit training site. The participant has paid the overpayment amount of \$188. A participant who is enrolled in a Community Service Component at a private for-profit training site is not eligible for transportation supportive services. See Exhibit 20 (1 page).

-One program participant was not complying with their required hours of weekly program participation but was not referred to DPSS for compliance procedures as the contract requires.

The participant was working under part-time at the time of orientation. With the motivation and encouragement of the case manager the participant gradually increased her hours of participation. Had the participant not increased her hours of participation, the case manager would have referred her to a compliance procedure, as the contract requires. It was the case manager's judgment that a compliance procedure would undermine her progress as the participant was dealing with personal problems. As part of a case manager's role, one must identify the participants' barriers and work along side them, in order to better serve, guide, and counsel individuals, with much effort and care, into self-sufficiency.

AESSC has been monitored by DCSS periodically with no findings. Our billings were submitted monthly to DCSS and processed. AESSC stands by its billings and will take responsibility for any clerical errors on our behalf.

Response to Recommendations

1. AESSC management has never intentionally charged DCSS for ineligible services.
2. AESSC only bills DCSS for services provided to individuals that qualify for program services and will continue to do so.
3. AESSC will make sure that the program participants receive paychecks and pay stubs from their employers listing the numbers of hours worked, and their payroll deductions according to the Bulletin Number: REF B-04-01 which we received on 04-26-04.
4. AESSC will ensure that the program participants receive from their employers an itemized statement with each paycheck listing their hours worked and payroll deductions.

Response to the Results for Staffing Qualifications:

Please refer to Exhibit 22 in reference to the following:

AESSC would like to reflect back on the history of the RITE Program. In 1998, Department of Public Social Services (DPSS) was going to be penalized by the State of California for not serving over 15,000 non-English, non-Spanish speaking participants. DPSS turned to the REP Service Providers for help. On August 18, 1998, the REP Program was amended to include RITE Program Services. The REP program in 1998-1999 did not have standards for case manager requirements. The RITE Service Providers helped DPSS by enrolling those non-English, non-Spanish speaking participants who were not yet benefiting for GAIN services. Thus, saving DPSS millions of dollars in penalty. There were no requirements for RITE Service Case Managers, except that they are qualified merely by linguistic and cultural standards. The RITE Providers did not have adequate training or the necessary equipment such as computers to update participant files. Therefore, all procedures were handled manually. The GEARS system was provided to the RITE Providers in May of 2000. The following years the agencies continued serving the RITE participants with case managers who had already gained the necessary experience for their position.

The five case managers mentioned in the Auditor-Controller's Results were RITE participants who through their full-time employment at AESSC became self-sufficient, got off welfare, and became tax-paying employees. Terminating the five mentioned case managers, two of which being single parents, would have resulted in having them re-apply for welfare assistance.

AESSC states that as a Non-profit Community Faith-based organization, has always put the participants need as their priority. Through the efforts of the RITE Program, a substantial number of non-English/non-Spanish RITE participants also became self-sufficient and no longer received cash assistance.

Each year, AESSC submitted resumes of all case managers and other staff to DCSS, along with our signed contracts. Not once, did DCSS inform us that we did not employ individuals who are not qualified per the GAIN Case Manager requirements.

The assumption that for the first two years the County paid AESSC for services provided by individuals that required work experience is inaccurate and unfair.

Response to Recommendation

5. AESSC currently possesses staff with the qualified work experience required by the DCSS contract. We will make certain that future hired employees have the necessary experience to perform case management in a GAIN environment.

AESSC requests further clarification regarding the Auditor-Controller's vague and generalized findings of our billed services. The lack of specification of the billed services in question made it difficult to clearly respond and explain each case.

In conclusion, we are requesting that not only our responses but also our supportive documentation be public.